


Government of the District of Columbia  
Office of the Chief Financial Officer



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** December 3, 2013

**SUBJECT:** Fiscal Impact Statement - "Tax Exemption for Teacher Awards  
Emergency Act of 2013"

**REFERENCE:** Draft Bill circulated on November 27, 2013

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**Conclusion**

Funds are sufficient in the approved FY 2014 through FY 2017 budget and financial plan to implement the resolution. The bill will cost \$14,577 in FY 2014 and \$58,310 over the four year financial plan. It directs that the cost be paid for out of the operating budget margin.

**Background**

The bill excludes from District gross income taxes<sup>1</sup> certain monetary awards given to District of Columbia Public School (DCPS) teachers and teachers in District of Columbia Public Charters Schools (Charter). The awards must be:

- Given by someone other than the teacher's employer - either DCPS or a Charter school;
- Valued between \$1,000 to \$40,000; and
- Given to full time primary teachers in recognition of exemplary teaching, student achievement in a teacher's classroom, or community engagement in the District.

Among the awards that would be excluded from District gross income taxes are the Rubenstein Awards for Highly Effective Teachers, the Excellence in Teaching Awards, Fishman Prize for Superlative Classroom Practice, the Washington Post Agnes Meyer Outstanding Teacher Award, and the Milken Educator Awards.

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<sup>1</sup> Generally, only residents of the District of Columbia are subject to District gross income taxes, so the exclusion will only affect awardees that live in the District.

The Honorable Phil Mendelson

FIS: "Tax Exemption for Teacher Awards Emergency Act of 2013", Draft Bill circulated on November 27, 2013.

### **Financial Plan Impact**

Funds are sufficient in the approved FY 2014 through FY 2017 budget and financial plan to implement the resolution. The bill will cost \$14,577 in FY 2014 and \$58,310 over the four year financial plan. It directs that the cost be paid for out of the operating budget margin.

It is estimated that approximately \$171,000 in awards could be subject to the exemption annually, reducing District income tax revenues by \$14,577 per year.

<b>Estimated Fiscal Impact of "Tax Exemption for Teacher Awards Emergency Act of 2013," circulated on November 27, 2013 FY 2014 through FY 2017<sup>(a)</sup></b>					
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2014-2017</b>
Income Tax Revenue	(\$14,577)	(\$14,577)	(\$14,577)	(\$14,577)	(\$58,310)

**Table Note:**

<sup>(a)</sup> Estimate is based upon 15 awards totaling \$98,000 that are known to have been granted to DCPS teachers that are also District residents in 2013. A proportional figure is assumed for Charter schools as a detailed award data was not readily available at the time of writing.